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IN THE CLAIMS:

This listing of claims will replace all prior versions, and listings, of claims in the application:

1.-5. (Cancelled).

6.(Currently Amended) An image display apparatus comprising:

an image display element;

an observation optical system which has a positive refracting power and which forms an exit pupil for observation of an image displayed on said the image display element; and a frame member supporting the image display element and the observation optical system and having a clip section, the clip section being removably attachable to a user's spectacle frame.

wherein the observation optical system comprises:

a first unit comprising at least one prism member having a positive refracting power; and

a second unit comprising a diffraction element that is given a lens function by diffraction effect,

wherein the prism member has an entrance surface via which bundles of rays
emergent from the image display element enter the prism member, at least one reflecting
surface that reflects the bundles of rays inside the prism member, and an exit surface via
which the bundles of rays exit out of the prism member, and

wherein the diffraction element is arranged to satisfy:

$$0.5 < \beta/\beta^{\circ} < 1.5$$

where β is an incident angle of a ray along an optical axis emergent from the exit surface of the prism member on the diffraction element, and β' is an emergent angle of the ray from the diffraction element.

7. - 34. (Cancelled).

35. (New) An image display apparatus comprising:

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an image display element;

an observation optical system which has a positive refracting power and which forms an exit pupil for observation of an image displayed on the image display element; and

a frame member supporting the image display element and the observation optical system and having a clip section, the clip section being removably attachable to a user's spectacle frame,

wherein the observation optical system comprises:

a first unit comprising at least one prism member having a positive refracting power; and

a second unit comprising a diffraction element that is given a lens function by diffraction effect,

wherein the prism member has an entrance surface via which bundles of rays emergent from the image display element enter the prism member, at least one reflecting surface that reflects the bundles of rays inside the prism member, and an exit surface via which the bundles of rays exit out of the prism member, and

wherein the diffraction element is arranged to be substantially perpendicular to a ray along an optical axis emergent from the diffraction element to enter a user's pupil.

36.(New) An observation optical system according to claim 6, wherein the at least one reflecting surface of the prism member has a curved surface shape to exert a power on bundles of rays, the curved surface shape being configured as a rotationally asymmetric shape to compensate for aberrations generated by decentering, and wherein the second unit of the observation optical system has an action of canceling chromatic aberration generated in the first unit.

37.(New) An observation optical system according to claim 35, wherein the at least one reflecting surface of the prism member has a curved surface shape to exert a power on bundles of rays, the curved surface shape being configured as a rotationally asymmetric shape to compensate for aberrations generated by decentering, and wherein the second unit of

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the observation optical system has an action of canceling chromatic aberration generated in the first unit.